

Message Text

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ACTION IO-14

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01
INR-10 L-03 NSAE-00 PA-01 SP-02 SS-15 AF-10
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NSCE-00 INRE-00 SSO-00 /137 W
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FM USMISSION USUN NEW YORK
TO SECSTATE WASHDC IMMEDIATE 9913
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VIENNA FOR UNIDO

DEPARTMENT FOR NORRIS (IO/DHP) AND SCHWEBEL (L)

E. O. 11652: N/A
TAGS: EGEN, UN, ECOSOC, UNIDO
SUBJECT: UN CONFERENCE ON ESTABLISHMENT OF UNIDO AS A
SPECIALIZED AGENCY - AMENDMENTS TO BUDGET PROCEDURES

REF: USUN 766

1. SUMMARY: THE CONFERENCE HAS ENTERED ITS FINAL AND
CRITICAL WEEK. ALTHOUGH FORMALLY AT AN IMPASSE, THERE ARE
INCREASING INDICATIONS THAT THE 77 COULD BACK OFF CONSID-
ERABLY ON POSITIONS ENUMERATED EARLIER ON KEY ISSUES --
OTHER THAN THE CENTRAL ROLE OF THE CONFERENCE -- IN OR-
DER TO REACH AGREEMENT. HENCE, BY WEDNESDAY THE U. S.
DELEGATION WILL HAVE TO BE READY TO INDICATE DEGREE TO
WHICH USG WILL BE ABLE TO COMPROMISE ON PACKAGE OF
BUDGETARY/FINANCIAL ISSUES MADE UP OF ARTICLES 9, 10, 14,
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23, AND ANNEX II. THIS CABLE UPDATES PREVIOUS REPORTING
AND RECOMMENDS A BOTTOM-LINE POSITION AND VARIOUS OPTIONS.
END SUMMARY.

2. MEETINGS OF NEGOTIATING COMMITTEE ON MARCH 3 AND 4 CON-
FIRMED FORMAL IMPASSE STILL PREVAILING. DEBATE ON ANNEX
II OF ARTICLE 13 (CONTENT OF REGULAR BUDGET) WAS LARGELY

BETWEEN G-77 AND GROUP D, WHICH PERSISTED IN SEEKING REMOVAL OF QUESTION FROM CONSTITUTION TO FINANCIAL REGULATIONS AND REACHED NO CONCLUSION. PRINCIPAL ISSUE REMAINED ARTICLE 14. ON MARCH 3 U. S. AND AUSTRALIAN DELEGATES REPEATED DISAPPOINTMENT AT DEPARTURE FROM VIENNA TEXTS AND NEED TO PREVENT A SINGLE GROUP FROM DOMINATING BUDGETARY PROCESS. ON MARCH 4 HOFFMAN READ A GROUP B STATEMENT WHICH NOTED THAT AGREEMENT WAS ON LANGUAGE REACHED IN VIENNA ONLY AFTER SUBSTANTIAL EFFORT. STATEMENT NOTED THAT GROUP "CANNOT DEVIATE SUBSTANTIALLY FROM COMPROMISE REACHED IN VIENNA," WHICH, IT RECALLED, REPRESENTED FUNDAMENTAL CHANGE FROM ORIGINAL GROUP B - SECRETARIAT PROPOSALS. STATEMENT ALSO NOTED THAT THIS "DOES NOT ENTIRELY EXCLUDE CERTAIN VARIATIONS."

3. DESPITE THESE REAFFIRMATIONS, GROUP B VIEWS CONTINUE TO EVOLVE IN DIRECTION OF COMPROMISE, AS SUGGESTED REFTEL. G-77 PROPOSALS FOR CHANGE IN STATUS OF PROGRAM AND BUDGET COMMITTEE (PBC) ARE READILY ACCEPTED NOW IN GROUP B, AS IS 6 PER CENT FIGURE (EXCEPT BY CANADA), WHILE ONLY A FEW COUNTRIES SEEM FULLY FAVORABLE TO G-77 PROPOSALS ON ARTICLE 14 (E. G. SWEDEN, SPAIN, GREECE, TURKEY). MOST OTHERS ARE CLEARLY IN FAVOR OF ENHANCING STATUS OF CONFERENCE IN ONE FORM OR ANOTHER. FOR EXAMPLE, AN AUSTRIAN PROPOSAL FOR A 3/4 VOTE ON THE BUDGET AT THE CONFERENCE APPEARS ATTRACTIVE TO SUCH COUNTRIES AS JAPAN AND THE FRG, LIMITED OFFICIAL USE

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DESPITE THE FACT THAT FIGURE PROVIDES NO GUARANTEE OF BLOCKING POWER. UK ALSO CLEARLY INTERESTED IN FINDING A SOLUTION AND HAS EVEN SUBMITTED A PAPER ON LINES CLOSE TO 77 VIEW.

4. AT THE SAME TIME, DESPITE CONTINUED HARDNESS OF OFFICIAL G-77 POSITION, THERE MAY WELL BE WILLINGNESS TO COMPROMISE ON ALL BUT FUNDAMENTAL ISSUE OF ROLE OF CONFERENCE. FOR EXAMPLE, SIAZON, IN COURSE OF LUNCHEON MEETING WITH MEHTA AND LEARY, SEEMED TO ENVISION A COMPROMISE ON FOLLOWING LINES:

- A. SEATS AND VOTING PATTERNS OF PBC AND BOARD AS ON GROUP B TEXT, OR SLIGHTLY MODIFIED WITHOUT TOUCHING BLOCKING THIRD;
- B. ROLE OF PBC AS IN 77 TEXT;
- C. AMENDMENT FUNCTION AS IN GROUP B TEXT;
- D. PRIMACY OF CONFERENCE IN BUDGETARY MATTERS, WITHOUT LIMITATIONS AS PROPOSED BY

GROUP B;

E. OTHER G-77 MEMBERS (INCLUDING YUGOSLAVIA,
INDIA, AND PAKISTAN) HAVE ALSO PRIVATELY
INDICATED THEIR FLEXIBILITY ON POINTS A, B,
AND C.

5. WHILE NONE OF THIS SPEEDS AGREEMENT, THE LIKELIHOOD
OF U. S. DELEGATION NEEDING TO TAKE A POSITION ON SOME
FORM OF EVOLVING COMPROMISE HAS IS QUITE HIGH. ALTHOUGH
NEGOTIATING COMMITTEE CHAIRMAN WOLTE HAS YET TO TAKE THE
DECISIVE STEP IN INITIATING A "CHAIRMAN'S TEXT," HE IS
LIKELY TO DO SO AS THE ONLY MEANS OF BLOCKING THE
IMPASSE IN THE FORMAL NEGOTIATING COMMITTEE. MEANWHILE,
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HTE POSITION OF GROUP D REMAINS SOMEWHAT OF AN ENIGMA.

THE SOVIETS AND THEIR ALLIES WOULD PROBABLY PREFER THE CONFERENCE NOT TO SUCCEED. BUT THEY WILL TRY TO KEEP THE DISCUSSION MAINLY BETWEEN THE 77 AND GROUP B, AND, IF WE ARE CLOSE TO AGREEMENT, THEY CANNOT BE EXPECTED TO GET OUT IN FRONT TO PREVENT A SUCCESSFUL OUTCOME.

6. U. S. DELEGATION, THEREFORE, PLANS TO BEGIN INFORMALLY INDICATING TO MEMBERS OF GROUP B FOR WILLINGNESS TO CONSIDER THE FOLLOWING APPROACH TO PROGRAM AND BUDGET ISSUES, WITH CLEAR PROVISIO THAT OTHERWISE SATISFACTORY PACKAGE CAN BE WORKED OUT.

A. COMPOSITION OF IDB - WE SHOULD INSIST ON MAINTAINING BLOCKING THIRD FOR GROUP B AND D WITH A SAFETY MARGIN. WOLTE HAS PUT LIMITED OFFICIAL USE

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FORWARD INFORMALLY SUGGESTION FOR 60-37-17-6 WHICH WOULD INCREASE G-77 SEATS FROM 60 PER CENT BUT IS IN THE ACCEPTABLE RANGE;

B. COMPOSITION OF PBC - WE SHOULD SIMILARLY INSIST ON MAINTAINING BLOCKING THIRD FOR GROUPS B AND D COMBINED. THE 27 FIGURE SHOULD BE RETAINED, BUT COMPOSITION COULD BE ADJUSTED IF BLOCKING THIRD RETAINED;

C. MANDATE OF PBC - AS RECOMMENDED REFTTEL PARAGRAPH 4, WE SHOULD ACCEPT G-77 PROPOSAL THAT PBC MAKE RECOMMENDATIONS TO THE IDB ON THE DIRECTOR-GENERAL'S PROGRAM AND BUDGET RATHER THAN, AS IN VIENNA TEXT, BEING THE BODY CHARGED WITH DRAFTING ITS OWN PROGRAM AND BUDGET FOR SUBMISSION TO THE IDB. THIS ACCEPTANCE WOULD BE ON CONDITION THAT THE COMPOSITION OF THE IDB AND THE PBC WOULD BE AS IN "A" AND "B" ABOVE AND ON MAINTENANCE OF THE PRESENT UNDERSTANDING THAT THE BUDGET TO BE SUBMITTED TO THE CONFERENCE IS THE IDB'S BUDGET. WE HAVE SOME INDICATION THAT THE G-77 MIGHT AGREE TO LANGUAGE EMPHASIZING THE IMPORTANCE OF GOVERNMENTS' DESIGNATING APPROPRIATELY QUALIFIED REPRESENTATIVES TO THE PBC AND SHOULD PRESS FOR SUCH LANGUAGE (ALTHOUGH THIS WOULD NOT BE ESSENTIAL TO THE PACKAGE).

D. CONFERENCE - WE SHOULD ACCEPT THE PRINCIPLE OF SUPREMACY FOR THE CONFERENCE BUT SHOULD ARGUE STRONGLY FOR A FORMULA THAT WOULD MAKE

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IT DIFFICULT, IF NOT IMPOSSIBLE, FOR THE CONFERENCE TO INCREASE THE REGULAR BUDGET TOTAL WITHOUT TAKING DUE ACCOUNT OF MAJOR CONTRIBUTORS' INTERESTS. SEVERAL POSSIBLE FORMS OF SAFE GUARD HAVE BEEN MENTIONED IN GROUP B DISCUSSIONS. THESE INCLUDE A REQUIREMENT FOR A GREATER QUALIFIED MAJORITY FOR APPROVAL OF ANY INCREASES IN REGULAR BUDGET TOTAL RECOMMENDED BY IDB -- FOUR-FIFTHS, THREE-FOURTHS, OR CURRENT TWO-THIRDS PLUS SOME WEIGHTING SUCH AS APPROVAL BY MEMBERS REPRESENTING A CERTAIN PERCENTAGE OF ASSESSMENTS OR APPROVAL BY AT LEAST TWO-THIRDS OF EACH REGIONAL GROUP. WE SHOULD USE THESE POSSIBILITIES FOR BARGAINING PURPOSES, ALTHOUGH U. S. DELEGATION DOES NOT EXPECT ANY OF THEM TO BE ACCEPTABLE TO G-77. ONE POSSIBILITY THAT HAS EMERGED IN INFORMAL CONVERSATIONS WITH SOME VIENNA MEMBERS OF G-77 IN PAST 24 HOURS IS ALONG LINES OF UN PROCEDURES (I.E. CONSTITUTION WOULD SAY SIMPLY "BUDGET IS SUBJECT TO REVIEW AND APPROVAL BY CONFERENCE" WITHOUT SPECIFIC REFERENCE TO MODIFICATIONS AND ADDITIONS), AND THERE WOULD BE PROVISION IN CONSTITUTION OR, MORE LIKELY, IN A RESOLUTION RELATING TO FINANCIAL RULES THAT ANY PROPOSALS FOR NEW PROGRAMS AND BUDGETARY RESOURCES WOULD HAVE TO BE REVIEWED BY PBC BEFORE CONFERENCE TAKES FINAL ACTION.

E. AMENDMENTS - WE SHOULD INSIST ON RETENTION OF PARAGRAPH 3 OF ARTICLE 23. ISSUE HERE IS LIKELY TO BOIL DOWN TO MAJORITY REQUIRED FOR RECOMMENDATION BY IDB AND NUMBER OF RATIFICATIONS REQUIRED -- THREE-FOURTHS OR TWO-THIRDS. WE WOULD APPEAR TO BE SAFE WITH TWO-THIRDS IN IDB AS LONG AS GROUPS B AND

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D HAVE A SAFE BLOCKING THIRD. THREE-FOURTHS OF MEMBERS FOR RATIFICATION WOULD REQUIRE 114 RATIFICATIONS, WHEREAS TWO-

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7. THE BOTTOM LINE. IT IS CONCEIVABLE THAT G-77 WILL REFUSE ANY RESTRICTIONS GOING BEYOND PRESENT REQUIREMENT FOR TWO-THIRDS MAJORITY OF CONFERENCE FOR APPROVAL OF BUDGET CHANGES. IF IN THE END EVERYTHING ELSE IN PARAGRAPHS A, C, AND E IS AGREED, WE MAY HAVE TO FACE QUESTION OF ACCEPTING THIS OR BLOCKING AGREEMENT. WHILE U.S. DELEGATION CANNOT JUDGE POLITICAL SITUATION IN WASHINGTON WHICH WILL AFFECT RATIFICATION PROSPECTS, WE THINK REASONABLE ARGUMENT COULD BE MADE FOR THIS MINIMUM POSITION, TAKING INTO ACCOUNT THE EXISTANCE OF THIS SYSTEM FOR THE UN BUDGET AND THOSE OF OTHER SPECIALIZED AGENCIES. FURTHER, TIGHT PBC/IDB PROCEDURES AND THE NATURE OF THE UNIDO BUDGET SUGGEST THAT IN PRACTICE CONFERENCE WILL BE UNLIKELY AND INDEED TECHNICALLY UNABLE TO TAMPER SIGNIFICANTLY WITH BUDGET. ALTHOUGH WE DO NOT, REPEAT NOT, PROPOSE TO GO BEYOND POSITION IN PARAGRAPH 6(D) EVEN IN OUR INFORMAL CONTACTS AT THIS TIME, U. S. DELEGATION BELIEVES, AND RECOMMENDS, THAT WE BE PREPARED TO ACCEPT BARE-BONES TEXT, WITH NO REFERENCE TO MODIFICATIONS OR ADDITIONS AND THEIR CONSEQUENCES, IF IN THE LIMITED OFFICIAL USE

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END AGREEMENT ON THE FINANCIAL "PACKAGE" DEPENDS ON THIS QUESTION ALONE.

8. NOTES: RE PARAGRAPH 3, UK PAPER SUBMITTED ON COMPLETELY INFORMAL BASIS IN B GROUP ONLY. THERE IS, OF COURSE, GOOD LIKELIHOOD 77 WILL GET WIND OF IT.

RE PARAGRAPH 4 - TEXT UNDER "E" IS PART OF NARRATIVE, NOT SIAZON'S COMPROMISE.

RE PARAGRAPH 5 - FIRST LINE, READ "SPELLS"; LINE 6, READ "UNBLOCKING".

RE PARAGRAPH 6 - SECOND LINE, READ "OUR WILLINESESS"; SECTION A READ "FROM 600 PER CENT TO 61,7 PER CENT." YOUNG

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Message Attributes

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